Mohammad Hafiz bin Hamidun v Kamdar Sdn Bhd

FEDERAL COURT (PUTRAJAYA) — CIVIL APPEAL NO 02(f)-64–10 OF 2020(W)
TENGKU MAIMUN CHIEF JUSTICE, ZAWAWI SALLEH AND HASNAH HASHIM FCJJ
20 MAY 2021

Tort — Passing off — Goodwill — Plaintiff used own name as unregistered trade mark in fabrics trading — Defendant passed off label of plaintiff — Whether label had goodwill such that it could had been passed off — Whether plaintiff was clothed with standing to make claim

This was an appeal by the appellant ('plaintiff') concerning the sale by the respondent ('defendant') of certain goods bearing the label 'Hafiz Hamidun'. The plaintiff, an artist, incorporated Mikraj Concept Sdn Bhd ('MCSB') which was later renamed as Haje Sdn Bhd ('HSB') for the purposes of carrying out the plaintiff's trade in fabrics. The defendant was a company primarily engaged in the business of selling fabrics. Sometime in February 2017, the plaintiff received messages from his fans and/or followers on social media asking him whether certain goods sold by the defendant with the label 'Hafiz Hamidun' were actually his. The plaintiff maintained that 'Hafiz Hamidun', which words were his own name, was an unregistered trademark which the plaintiff used, for among other purposes, his own fabrics line. The plaintiff asserted that by selling products with the same label, the defendant passed off the unregistered trademark of 'Hafiz Hamidun'. The defendant stopped using the words 'Hafiz Hamidun' after receiving a letter from the plaintiff to demand that they cease using the label 'Hafiz Hamidun' on their products and the defendant instead replaced it with 'Afiz Amidun'. Aggrieved, the plaintiff sued the defendant for tort of passing off and succeeded in the High Court. The Court of Appeal reversed the High Court's decision holding that the plaintiff did not have locus standi to maintain his claim against the defendant on the ground that the goodwill was established in MCSB. Hence, this appeal. The plaintiff was granted leave to appeal on the following questions of law: (a) in a common law claim for passing off where two entities may be entitled to claim goodwill, who had the locus standi to commence an action in passing off as the owner of such goodwill; and (b) was there a distinction between lifting and piercing the corporate veil having regard to the Supreme Court decision in *Prest v Petrodel Resources Limited and others* [2013] UKSC 34.

Held, allowing the appeal with costs:

(1) The defendant's submissions to the extent that it attempted to make a technical distinction between the plaintiff and HSB (without regard to the overwhelming evidence in the goodwill established in 'Hafiz Hamidun') must be rejected. The goodwill in the name 'Hafiz Hamidun' belonged to the plaintiff and not HSB. The unregistered trademark was identified with the plaintiff (see paras 46–47).

(2) A celebrity who had amassed goodwill much in the way the plaintiff had in this appeal was the owner of such goodwill and that accordingly, a cause of action lies. Members of the public comprising the plaintiff's 'fans' were similarly led to believe that the goods sold by the defendant under the name 'Hafiz Hamidun' were the plaintiff's or that he had somehow endorsed them. There was clearly deception on the part of the defendant by misappropriating the goodwill in the plaintiff's name, 'Hafiz Hamidun'. The plaintiff did properly explain to the court that his name 'Hafiz Hamidun' was used as the label for his products. The Court of Appeal failed to appreciate the fundamental aspect of the law when it erroneously distinguished *Irvine and another v Talksport Ltd* [2002] 2 All ER 414 and *Henderson and another v Radio Corporation Pty Ltd* [1969] RPC 218 by concluding that it was HSB and not the plaintiff who owned the goodwill. A correct application of those cases would not have generated such a conclusion (see paras 59, 64, 67 & 69).

(3) There was an implied license between the plaintiff and HSB for the latter's use of 'Hafiz Hamidun'. Notwithstanding whether there was a formal agreement between HSB and the plaintiff, the use of the goodwill was a matter of business between those two parties. In the circumstances, the defendant was but a third party; a mere outsider who had otherwise no business to use the unregistered trademark without consent and by which it had generated profit through deception. The defendant would not be allowed to evade liability for the tort of passing off on the mere technicality of not joining HSB as co-plaintiff (see paras 70–71 & 73).

(4) Regarding question 1, it was held that in a common law claim of passing off involving the business indicium of a celebrity, and provided that goodwill was factually established, either the celebrity in question or any of his licensees had the locus standi to commence an action in passing off against the misappropriating third party. The secondary issue as to the corporate veil between the plaintiff and HSB comprised in question 2 did not warrant the consideration of the court and hence, it was unnecessary to answer the question (see paras 76–77 & 81).

[Bahasa Malaysia summary

Ini adalah rayuan oleh perayu ('plaintif') mengenai penjualan oleh responden ('defendan') barang tertentu yang berlabel 'Hafiz Hamidun'. Plaintif, seorang seniman, memperbadankan Mikraj Concept Sdn Bhd ('MCSB') yang

kemudian dinamakan semula sebagai Haje Sdn Bhd ('HSB') untuk tujuan menjalankan perdagangan fabrik plaintif. Defendan adalah syarikat menjalankan terutamanya perniagaan menjual fabrik. Suatu ketika pada bulan Februari 2017, plaintif menerima maklumat daripada peminat dan/atau pengikutnya di media sosial yang menanyakan kepadanya sama ada barang-barang tertentu yang dijual oleh defendan dengan label 'Hafiz Hamidun' sebenarnya adalah miliknya. Plaintif menegaskan bahawa 'Hafiz Hamidun', yang merupakan namanya sendiri, adalah tanda dagang yang tidak berdaftar yang digunakan oleh plaintif, untuk tujuan lain, adalah rangkaian fabriknya sendiri. Plaintif menegaskan bahawa dengan menjual produk dengan label yang sama, defendan telah kelirupaan tanda dagangan 'Hafiz Hamidun' yang tidak berdaftar. Defendan berhenti menggunakan perkataan 'Hafiz Hamidun' setelah menerima sepucuk surat daripada plaintif untuk menuntut mereka berhenti menggunakan label 'Hafiz Hamidun' pada produk mereka dan defendan menggantinya dengan 'Afiz Amidun'. Terkilan, plaintif menyaman defendan atas tort kelirupaan dan berjaya di Mahkamah Tinggi. Mahkamah Rayuan mengetepikan keputusan Mahkamah Tinggi dengan menyatakan bahawa plaintif tidak memiliki locus standi untuk mempertahankan tuntutannya terhadap defendan dengan alasan bahawa nama baik itu diletakkan dibawah MCSB. Oleh itu, rayuan ini. Plaintif diberi kebenaran untuk merayu atas persoalan undang-undang berikut: (a) dalam undang-undang umum tuntutan untuk kelirupaan di mana dua entiti berhak untuk menuntut nama baik, siapa yang mempunyai locus standi untuk memulakan tindakan sebagai pemilik nama baik tersebut; dan (b) sama ada terdapat perbezaan antara mengangkat dan mencucuk tirai korporat dengan mengambil kira keputusan Mahkamah Agung dalam *Prest v Petrodel Resources Limited and others* [2013] UKSC 34.

Diputuskan, membenarkan rayuan dengan kos:

(1) Hujahan defendan sejauh ia berusaha untuk membuat perbezaan teknikal antara plaintif dan HSB (tanpa mengambil kira banyak keterangan dalam nama baik yang diletakkan dalam 'Hafiz Hamidun') harus ditolak. Nama baik dalam nama 'Hafiz Hamidun' adalah milik plaintif dan bukan HSB. Tanda dagang yang tidak berdaftar telah dikenal pasti kepada plaintif (lihat perenggan 46–47).

(2) Seorang selebriti yang telah mempunyai nama baik seperti plaintif dalam rayuan ini adalah pemilik nama baik tersebut dan oleh itu, kausa tindakan berada. Orang ramai yang terdiri daripada 'peminat' plaintif juga dibawa untuk mempercayai bahawa barang yang dijual oleh defendan dengan nama 'Hafiz Hamidun' adalah milik plaintif atau bahawa beliau telah menyokongnya. Terdapat jelas penipuan pihak defendan dengan menyalahgunakan nama baik atas nama plaintif, 'Hafiz Hamidun'. Plaintif menjelaskan dengan tepat kepada mahkamah bahawa namanya 'Hafiz Hamidun' digunakan sebagai label untuk

produknya. Mahkamah Rayuan gagal menghayati aspek asas undang-undang apabila secara terkhilaf membezakan *Irvine and another v Talksport Ltd* [2002] 2 All ER 414 dan *Henderson and another v Radio Corporation Pty Ltd* [1969] RPC 218 dengan menyimpulkan bahawa HSB dan bukan plaintif yang memiliki nama baik. Aplikasi kes yang betul tidak akan menghasilkan kesimpulan seperti itu (lihat perenggan 59, 64, 67 & 69).

(3) Terdapat lesen tersirat antara plaintif dan HSB untuk penggunaan 'Hafiz Hamidun' oleh HSB. Meskipun sama ada terdapat perjanjian formal antara HSB dan plaintif, penggunaan nama baik itu adalah urusan perniagaan antara kedua pihak. Dalam keadaan itu, defendan hanyalah pihak ketiga; orang luar semata-mata yang sebaliknya tidak mempunyai urusan untuk menggunakan tanda dagangan yang tidak berdaftar tanpa persetujuan dan yang mana ia telah menghasilkan keuntungan melalui penipuan. Defendan tidak akan dibenarkan untuk mengelak daripada liabiliti untuk tort kelirupaan kerana hanya tidak menggabungkan HSB sebagai plaintif (lihat perenggan 70–71 & 73).

(4) Mengenai persoalan 1, diputuskan bahawa dalam undang-undang umum tuntutan kelirupaan yang melibatkan perniagaan simbol seorang selebriti, dan dengan syarat bahawa nama baik itu dibuktikan secara faktual, baik selebriti tersebut atau mana-mana pemegang lesennya memiliki locus standi untuk memulakan tindakan kelirupaan terhadap pihak ketiga yang menyalahgunakan. Isu kedua mengenai tirai korporat antara plaintif dan HSB yang dimaksudkan dalam persoalan 2 tidak memerlukan pertimbangan mahkamah dan oleh itu, adalah tidak perlu untuk menjawab persoalan tersebut (lihat perenggan 76–77 & 81).]

Cases referred to

Erven Warnink Besloten Vennootschap and another v J Townend & Sons (Hull) Ltd and another [1979] AC 731, HL (refd)

Fenty and others v Arcadia Group Brands Ltd (trading as Topshop) and another [2015] 1 WLR 3291, CA (folld)

Henderson and another v Radio Corporation Pty Ltd [1969] RPC 218, SC (refd)

Inland Revenue Commissioners v Muller & Co's Margarine Ltd [1901] AC 217, HL (folld)

Irvine and another v Talksport Ltd [2002] 2 All ER 414, Ch D (refd)

J Bollinger and others v Costa Brava Wine Company Ltd [1959] 3 All ER 800, Ch D (folld)

Mohammad Hafiz bin Hamidun v Kamdar Sdn Bhd [2018] MLJU 2190; [2018] 1 LNS 1562, HC (refd)

Ong Leong Chiou & Anor v Keller (M) Sdn Bhd & Ors [2021] 3 MLJ 622; [2021] 1 LNS 301, FC (folld)

Perry v Truefitt (1842) 49 ER 749 (refd)

Reckitt and Colman Products Ltd v Borden Inc and others [1990] 1 All ER 873, HL (refd)

Star Industrial Company Ltd v Yap Kwee Kor trading as New Star Industrial Company [1976] 1 MLJ 149, PC (refd)

Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor [2012] 1 MLJ 585, CA (folld)

Legislation referred to

Rules of Court 2012 O 15 r 6(1)

Ambiga Sreenevasan (Janini Rajeswaran, Lim Wei Jiet, Anishaa Sundramoorthy, Habizan Rahman and Thevini Nayagam with her) (Rahman Rohaida) for the appellant.

Malik Imtiaz Sarwar (Khoo Suk Chyi, Eugene Roy Joseph and Yong Cheng Aik with him) (Joseph Chambers) for the respondent.

Tengku Maimun Chief Justice (delivering judgment of the court):

INTRODUCTION

[1] This appeal concerned the sale by Kamdar Sdn Bhd (the respondent/defendant) of certain goods bearing the label 'Hafiz Hamidun'.

[2] Muhammad Hafiz Hamidun (the appellant/plaintiff) sued the respondent/defendant for tort of passing off and succeeded in the High Court. The Court of Appeal reversed the High Court's decision holding that the appellant/plaintiff did not have locus standi to maintain his claim against the respondent/defendant on the ground that the goodwill was established in a company incorporated by the appellant/plaintiff, Mikraj Concept Sdn Bhd ('MCSB').

[3] For convenience, we will refer to the parties as they were in the High Court.

[4] We heard the plaintiff's appeal on 13 April 2021 and after carefully considering the evidence, the divergent judgments of the courts below and learned counsel's submissions, we were of the view that the High Court was entirely correct and that the Court of Appeal was not.

[5] Consequently, we allowed the appeal with costs, set aside the order of the Court of Appeal and restored the order of the High Court. These are the grounds of our decision.

A SALIENT FACTS

[6] The facts of the case are relatively straightforward and uncontroversial. Apart from the salient details, we do not propose to repeat what the learned High Court judge had already adumbrated in his published judgment in *Mohammad Hafiz bin Hamidun v Kamdar Sdn Bhd* [2018] MLJU 2190; [2018] 1 LNS 1562.

[7] The plaintiff is a popular Nasyid singer and song composer. Nasyid is a genre of traditional music incorporating Islamic elements and notions. In addition to his role as an artist, the plaintiff is also in the business of selling fabrics such as *Baju Melayu* and *Kurtas* online and in boutiques.

[8] For the purposes of carrying out the plaintiff's trade in fabrics, the plaintiff incorporated MCSB which was later renamed as Haje Sdn Bhd ('HSB').

[9] The defendant is a company incorporated in 1972 and is primarily engaged in the business of selling fabrics. At the material time, the defendant had 29 stores throughout various locations in Malaysia.

[10] The issue arose sometime in February 2017, when the plaintiff received messages from his fans and/or followers on social media asking him whether certain goods sold by the defendant with the label 'Hafiz Hamidun' were actually his.

[11] The plaintiff maintains that 'Hafiz Hamidun', which words are his own name, is an unregistered trademark which the plaintiff uses, for among other purposes, his own fabrics line. The plaintiff asserts that by selling products with the same label, the defendant passed off the unregistered trademark of 'Hafiz Hamidun'.

[12] The plaintiff instructed his solicitors to write to the defendant to demand that they cease using the label 'Hafiz Hamidun' on their products. The letter, which is dated 13 February 2017 received no reply. Following that letter however, the defendant stopped using the words 'Hafiz Hamidun' and instead replaced it with 'Afiz Amidun'. The plaintiff avers that it is plain and obvious to the eye of any reasonable person that the new label is still the plaintiff's name but without the two letters 'H' in the first letter of each word. In sound, style and substance however, the label is obviously the same.

[13] Aggrieved, the plaintiff filed the present suit against the defendant in the High Court on 14 April 2017. It is most pertinent to note that upon the filing of this suit, the defendant ceased entirely the use of 'Hafiz Hamidun' and 'Afiz Amidun'.

FINDINGS OF THE HIGH COURT

[14] At trial, the learned High Court judge heard three witnesses — two from the plaintiff and one from the defendant. His Lordship found that the plaintiff's witnesses were of truth and that the defendant's witness was not (his evidence having contradicted contemporaneous documents).

[15] The learned High Court judge, in a carefully reasoned judgment found that the plaintiff had established, on a balance of probabilities, his claim against the defendant in common law passing off over the use of the unregistered trademark 'Hafiz Hamidun'.

[16] In arriving at that decision, the learned judge had considered both oral and documentary evidence. His Lordship directed his mind to the classic elements of the tort of passing off as articulated by the House of Lords in the relevant cases which we shall allude to later in this judgment.

[17] The main issue of contention before the High Court as well as before us was whether the label 'Hafiz Hamidun' had goodwill such that it could have been passed off and whether the plaintiff (and not HSB) was clothed with standing to make that claim.

[18] The learned High Court judge found that the plaintiff had the locus standi to commence the claim of passing off in respect of the name 'Hafiz Hamidun' for two reasons.

[19] Firstly, the High Court judge determined on the evidence that the name 'Hafiz Hamidun' was so inextricably linked to the plaintiff and instrumental to his business that the plaintiff had personally established goodwill in that label. We took this to mean that the judge found that the plaintiff had direct ownership and interest in the goodwill.

[20] Secondly, and as an alternative to the first, the High Court found that even if the goodwill was established in HSB, the corporate veil between the two (the plaintiff and HSB) ought to be lifted in the interest of justice to reveal that the plaintiff is HSB's alter ego and that ownership still effectively lies with the plaintiff. The basis for the lifting of the veil was that the plaintiff owns 80% of

A the shares in HSB and has been a director since the incorporation of MCSB on 23 September 2014. The defendant ought not to evade liability on a technical issue of non-joinder of HSB which is further supported by the provisions of O 15 r 6(1) of the Rules of Court 2012.

B **[21]** We noted in passing that the High Court had also made a distinction between 'lifting' and 'piercing' the corporate veil. To the learned judge, the former is merely to determine the 'alter ego' or the directing mind of the corporation without regard to the separate juridical nature of the company while the latter takes it a step further to actually impose liability on an C independent person (usually the director) for the acts or omissions of the corporation.

[22] Upon finding that the goodwill belongs to the plaintiff (or upon D applying the alternative argument), the trial court was also independently satisfied that the evidence had established all the other elements of common law passing off namely misrepresentation and damage (or likelihood of damage) and thereby allowed the plaintiff's claim.

E THE FINDINGS OF THE COURT OF APPEAL

[23] It would appear that the Court of Appeal reversed the decision of the High Court solely on what is a technical point of law. It found that the plaintiff did not have locus standi to maintain his claim against the defendant as the F court opined that the goodwill was actually established in HSB and that the claim was for HSB to prosecute.

[24] The Court of Appeal also disagreed with the High Court in relying on certain foreign cases (which we will refer to later) in respect of the ownership of G goodwill. The court opined that HSB was the separate owner of the goodwill in this case.

[25] In the alternative, the Court of Appeal found that the present case was H not an appropriate case to sanction the lifting of the corporate veil between the plaintiff and HSB because the interest of justice test alone is insufficient. According to the Court of Appeal, there must have been some kind of fraudulent conduct. The Court of Appeal appeared to 'reject' the notion that there is a distinction between 'lifting' and 'piercing' the corporate veil.

I

[26] Having found that the plaintiff did not possess goodwill in the unregistered trademark 'Hafiz Hamidun', the Court of Appeal held that it was unnecessary to discuss any of the elements of the tort of passing off. As we have

alluded to earlier, the Court of Appeal allowed the appeal solely on the technical point of locus standi and left the rest of the High Court's findings intact.

LEAVE QUESTIONS

[27] The plaintiff was granted leave to appeal to this court on the following two questions of law ('questions'):

> Question 1:
>
> In a common law claim for passing off where two (2) entities may be entitled to claim goodwill, who has the locus standi to commence an action in passing off as the owner of such goodwill?
>
> Question 2:
>
> Is there a distinction between lifting and piercing the corporate veil having regard to the Supreme Court decision in *Prest v Petrodel Resources Ltd and others* [2013] UKSC 34 ('Prest')?

OUR DECISION/ANALYSIS

General principles

[28] The law on passing off and its constituent elements, is very much settled. Its history and development are lucidly explained in the judgment of Abdul Malik Ishak JCA in *Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585 ('Yong Sze Fun'). For the purposes of this appeal, it is sufficient if we merely restate briefly the basics as follows.

[29] Lord Diplock stated the five different elements of the tort in *Erven Warnink Besloten Vennootschap and another v J Townend & Sons (Hull) Ltd and another* [1979] AC 731 ('the Advocaat Case'). In the same case, Lord Fraser of Tullybelton also formulated his own test in a separate speech.

[30] In a later case, that is, *Reckitt and Colman Products Ltd v Borden Inc and others* [1990] 1 All ER 873 ('Reckitt'), Lord Oliver further summarised the five elements identified by Lord Diplock into three. His Lordship stated as follows, at p 880:

> Neither the appellants nor the respondents contend that the principles of law are in any doubt. The law of passing off can be summarised in one short general proposition, no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a

> goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Second, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Third, he must demonstrate that he suffers or, in a *quia timet* action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.

[31] In short, the three elements which have now come to be known as the 'classic trinity' of passing off, are that the plaintiff must be able to establish: (a) goodwill; (b) misrepresentation; and (c) damage or possibility of damage (if the action is *quia timet*). Each of these constituent elements can lead to reams of discussions on their own but they are generally accepted, following a line of cases after *Reckitt*, as the primary constituents of the tort.

[32] The only matter falling for consideration in the present appeal is the first element namely, 'goodwill'.

'Goodwill' generally

[33] The classic attempt at a definition of goodwill is the dictum of Lord Macnaghten in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 ('*Muller*') a decision of the House of Lords to which the High Court referred and which we accept. At pp 223–224, Lord Macnaghten explained it as follows:

> ... What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates. Goodwill is composed of a variety of elements. It differs in its composition in different trades and in different businesses in the same trade. One element may preponderate here and another element there. To analyze goodwill and

> split it up into its component parts, to pare it down as the Commissioners desire to do until nothing is left but a dry residuum ingrained in the actual place where the business is carried on while everything else is in the air, seems to me to be as useful for practical purposes as it would be to resolve the human body into the various substances of which it is said to be composed. The goodwill of a business is one whole, and in a case like this it must be dealt with as such.

[34] Numerous authors and cases hasten to explain that goodwill and reputation are not one and the same. Something which is reputable and popular may not necessarily have goodwill. It is in this sense that Lord Macnaghten's dicta that goodwill is 'the attractive force which brings in custom' sheds some light. Goodwill is proprietary whereas reputation is not.

[35] Whatever be the definition of 'goodwill', as Lord Diplock put it in *Star Industrial Company Ltd v Yap Kwee Kor trading as New Star Industrial Company* [1976] 1 MLJ 149 (at p 155) paraphrasing from Lord Macnaghten in *Muller*: 'Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached'.

[36] What is clear from the cases is that goodwill, if it exists, is always attached to a business or trade. The evidence in the present appeal is quite overwhelming that there is goodwill attached to the name 'Hafiz Hamidun' such that any misrepresentation of it will cause or is likely to cause damage to the goodwill of a business conducted using it.

[37] The more crucial question in the present appeal is: who exactly has the standing to prosecute a claim against the misrepresentation of that unregistered trademark which has been established against the defendant.

[38] Goodwill, an intangible and fluid asset, is (as we understand it) necessarily wide in definition. In our view, the strongest authority to illustrate this is the judgment of Danckwerts J in *J Bollinger and others v Costa Brava Wine Company Ltd* [1959] 3 All ER 800 ('Bollinger').

[39] The issue in *Bollinger* was briefly this. 12 plaintiffs sued on behalf of themselves and other wine producers in the district of France known as 'Champagne'. The complaint was that the defendants, also wine producers, ought to be injuncted (among other reliefs claimed) from producing wine with the label 'Spanish Champagne'. Both the plaintiffs and the defendants were in the business of shipping the wines in question to England and Wales. The plaintiffs contended that the defendants' use of the label 'Spanish Champagne' amounted to passing off. Before the matter proceeded to trial, the learned judge had to first decide whether the plaintiffs, on those facts, had a valid cause of

action. The defendants appeared to argue that the plaintiffs' action did not fall within the ambit of passing off as the use of the word 'Champagne' was geographical and not unique to any particular trader.

[40] Danckwerts J summarised the plaintiffs' argument on the point as follows, which we find it necessary to refer to, at p 804:

> The plaintiffs' first contention (which is the subject of points (a) and (c)) is that where a number of persons produce goods in a geographical area and these goods become known by the name of the geographical area and, as such, acquire a reputation, persons who produce similar goods outside the geographical area and attach the name of the geographical area to their goods are guilty of what is described in para 5 of the statement of claim as 'unlawful competition' and are passing off their goods as the goods of other persons in a way which the law prohibits. It was said that the name 'Champagne' was part of the plaintiffs' goodwill which was injured by the defendants' conduct and that the law was not so limited as to deprive persons so injured of a right of action to protect their property, and that it is not an objection that the plaintiffs have no exclusive right to the name 'Champagne' in the sense that they share the right to use it with all other persons who produce wine in the Champagne area.

[41] The learned judge, after examining a long line of English and American cases on the subject proceeded to hold as follows, at p 811:

> In my view, it ought not to matter that the persons truly entitled to describe their goods by the name and description are a class producing goods in a certain locality, *and not merely one individual. The description is part of their goodwill and a right of property*. I do not believe that the law of passing off, which arose to prevent unfair trading, is so limited in scope. (Emphasis added.)

[42] Essentially, the point of the case is that goodwill need not necessarily be confined to any particular trader so long as the goodwill in that trade is sufficiently established in that business such that any misrepresentation of it causes or is likely to cause harm to it. This is in accord with the classic definition and purpose of the tort of passing off as expounded in the following celebrated and oft-quoted dicta of Lord Langdale MR in *Perry v Truefitt* (1842) 49 ER 749, at p 752:

> A man is not to sell his own goods under the pretence that they are the goods of another man; he cannot be permitted to practise such a deception, nor to use the means which contribute to that end. He cannot therefore be allowed to use names, marks, letters, or other *indicia*, by which he may induce purchasers to believe, that the goods which he is selling are the manufacture of another person.

[43] His Lordship continued to say, and which dictum appears to apply squarely to the present appeal, as follows, in the same page:

> ... it does not seem to me that a man can acquire a property merely in a name or mark; but whether he has or not a property in the name or the mark, I have no doubt that another person has not a right to use that name or mark for the purposes of deception, and in order to attract to himself that course of trade, or that custom, which, without that improper act, would have flowed to the person who first used, or was alone in the habit of using the particular name or mark.

[44] The foregoing authorities generally clarify that goodwill, by its definition and in a business may not necessarily be attached so strictly to any particular individual or group of persons. Goodwill resides in the trade or in the goods or in the service or in the name, description or any other insignia, mark or distinguishing feature relevant to those goods or services.

[45] It therefore stands to reason that if the goodwill of a particular trade or goods or service or description of those things is capable of being identified geographically (as it was in the case of *Bollinger*), then any trader with sufficient nexus to that business is eligible to sue.

[46] In the present appeal, the defendant's submissions to the extent that it attempts to make a technical distinction between the plaintiff and HSB (without regard to the overwhelming evidence in the goodwill established in 'Hafiz Hamidun') must therefore be rejected.

[47] On the factual matrix of the present appeal, we are of the view that the learned High Court judge was correct to find that the goodwill in the name 'Hafiz Hamidun' belongs to the plaintiff and not HSB. The findings indicate that the unregistered trademark is identified with the plaintiff, that he uses it and it has accumulated goodwill in that sense are contained in paras 29–32 of the learned High Court judge's judgment. We were minded to endorse those findings.

[48] In addition, there are other reasons why the defendant's arguments were without merit and by extension, why we found ourselves unable to agree with the Court of Appeal. These two further reasons are as follows.

[49] Firstly, the development of foreign case law appears to accept that a celebrity (which is what the High Court accepted the plaintiff is) had locus standi to maintain an action in passing off even if some other business uses his or her name. Secondly, the arrangement between the plaintiff and HSB is purely a matter of a license between them. It is a technicality about which the defendant has no interest in or business to complain.

Goodwill and locus standi of celebrities in passing off claims

[50] The plaintiff referred us to several foreign cases on this point, among them are the judgments of the High Court of England and Wales (Chancery Division) in *Irvine and another v Talksport Ltd* [2002] 2 All ER 414 ('Irvine') and of the Supreme Court of New South Wales in *Henderson and another v Radio Corporation Pty Ltd* [1969] RPC 218 ('Henderson'). This is especially considering that there are no local cases directly on point with the issue in the present appeal.

[51] In *Irvine*, the defendant, the operator of a commercial radio station, obtained the rights to broadcast live coverage of the Formula 1 ('F1') Grand Prix World Championship. To attract attention, the defendant essentially produced a brochure within which was contained a photograph of Mr Edmund 'Eddie' Irvine (the claimant), a prominent F1 race car driver who was at the height of his career. The photograph was actually an edited piece taken from another photograph of the claimant holding a mobile phone. The edited photograph was made to look as though the claimant was holding a portable radio with the defendant's radio station in the same picture. The question for the court was accordingly whether the tort of passing off includes false endorsements.

[52] The court found that an action in passing off had been made out. If we understand the judgment correctly, celebrities face the risk of their images being used for unscrupulous commercial purposes. That in itself is insufficient to make out a claim of passing off. The essential element, apart from showing that they have goodwill, is the element of misrepresentation. A claim in passing off is established if the general public is led to believe that the celebrity in question has endorsed the goods or item in question. According to *Irvine*, therein lies the damage to the goodwill (which must be made out) resulting from the misrepresentation resulting from the false endorsement. For completeness, Laddie J held as follows:

> [38] ... If someone acquires a valuable reputation or goodwill, the law of passing off will protect it from unlicensed use by other parties. Such use will frequently be damaging in the direct sense that it will involve selling inferior goods or services under the guise that they are from the claimant. But the action is not restricted to protecting against that sort of damage. The law will vindicate the claimant's exclusive right to the reputation or goodwill. It will not allow others to so use goodwill as to reduce, blur or diminish its exclusivity. It follows that it is not necessary to show that the claimant and the defendant share a common field of activity or that sales of products or services will be diminished either substantially or directly, at least in the short term. Of course there is still a need to demonstrate a misrepresentation because it is that misrepresentation which enables the defendant to make use or take advantage of the claimant's reputation.

> [39] Not only has the law of passing off expanded over the years, but the commercial environment in which it operates is in a constant state of flux. Even without the evidence given at the trial in this action, the court can take judicial notice of the fact that it is common for famous people to exploit their names and images by way of endorsement. They do it not only in their own field of expertise but, depending on the extent of their fame or notoriety, wider afield also. It is common knowledge that for many sportsmen, for example, income received from endorsing a variety of products and services represents a very substantial part of their total income. The reason large sums are paid for endorsement is because, no matter how irrational it may seem to a lawyer, those in business have reason to believe that the lustre of a famous personality, if attached to their goods or services, will enhance the attractiveness of those goods or services to their target market. In this respect, the endorsee is taking the benefit of the attractive force which is the reputation or goodwill of the famous person.

[53] *Irvine* practically and in effect recognises that the misappropriation and deceptive use of a celebrity's name for commercial gain is an issue which is consonant with the purpose for which the tort of passing off was developed to remedy. In *Irvine*, the defendant advanced the same argument as the defendant here that the company or commercial vehicle is the proper plaintiff. This argument was evidently rejected per the following observations of Laddie J:

> [75] ... Mr Hicks said that Mr Irvine had no rights because he provided his endorsement services through a network of companies. I do not think that there was anything in this. The fact that the claimant, no doubt for tax reasons, makes his endorsement available through companies does not alter the fact that it is his fame and personality which is being exploited and that the misrepresentation made to the relevant public, who would know nothing about his corporate arrangements, is that it is he who has endorsed the defendant's radio station. In any event, to counter this point Miss Lane sought and obtained permission to join Mr Irvine's other companies as claimants ...

[54] It is true that the other companies related to Mr Irvine were joined as co-claimants. However, the above dictum of Laddie J clarifies that even if they were not so joined, it would not have made any difference to the outcome of the case vis a vis Mr Irvine — the primary claimant. The dealings between Mr Irvine and the other co-claimants were their 'corporate arrangements' and they did not change the fact that the goodwill was substantially Mr Irvine's and that he was entitled to act against the misappropriation of it irrespective of the fact that the goodwill might have grown in part as a result of those corporate arrangements.

[55] We can therefore postulate that it is one thing to say that the goodwill 'belongs' to those corporations and another thing to say that the goodwill can exist because those corporations are involved in the carrying out of the trade. In *Irvine*, ultimately, the existence of the goodwill was owed entirely to Mr Irvine's

A own achievements in the industry and the clout that he had built for himself. This reasoning applies squarely to the plaintiff in the present appeal.

[56] The next case is *Henderson* the facts of which are similar to that of *Irvine*. The plaintiffs, husband and wife, were popular ballroom dancers that, as the B evidence suggested, were capable of being identified even without their names displayed. The defendant was a maker and distributer of gramophones records in a bygone era when they were once quite popular.

C **[57]** The defendant produced record covers, presumably to market their records, in which the plaintiffs were featured dancing in a ballroom scene. Their names were not featured but a number of witnesses recognised the plaintiffs by their picture. It was also accepted in evidence that the plaintiffs had some experience in advertising commercial products involving their skill and D reputation as ballroom dancers. The defendant was not initially aware that the persons in the photograph on the record covers were the plaintiffs but later refused to withdraw the record covers from sale once they were made aware. The plaintiffs sued for passing off. They were successful at first instance prompting an appeal by the defendant.

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[58] Evatt CJ and Myers J in a joint judgment found that passing off had been made out. Manning J in a separate judgment agreed. Their Honours Evatt CJ and Myers J observed as follows, at p 638:

F > Without the permission of the respondents, and without any other right or justification, the appellant has appropriated the professional reputation of the respondents for its own commercial ends. It claims that a court of equity has no power to restrain the appellant from falsely representing that the respondents recommend its products, unless the respondents can prove that their professional reputation has thereby been injured, or that in some other way their capacity to earn G money by the practice of their profession has thereby been impaired. We do not think that is the law.

[59] *Henderson* has been followed by other cases in Australia and was referred to with concurrence by Laddie J in *Irvine* (at para 27). Essentially, the case H accepts the proposition that a celebrity who has amassed goodwill much in the way the plaintiff has in the present appeal is the owner of such goodwill and that accordingly, a cause of action lies.

[60] To digress for a moment, learned counsel for the plaintiff Dato' Ambiga I Sreenevasan submitted that there is a difference in the legal positions adopted by England and Australia in respect of damages — the third of the classic trinity of elements of passing off. It was submitted that in Australia, in cases of this kind, the courts presume damage whereas in England, loss or likelihood of loss must still be made out to establish principally a cause of action. With respect,

we did not find it necessary to ponder on this point as it was not relevant to the facts of this appeal. The learned judge made a finding that there was a real likelihood of damage to the plaintiff and as such, the third element of the trinity was established on the facts. The Court of Appeal did not disturb that finding and neither did we consider it necessary to do the same or to re-evaluate it in terms of law. In short, the element of damages was clearly pleaded and made out.

[61] Reverting to our discussion on *Irvine*, it would appear that the English Court of Appeal has affirmed the case of *Fenty and others v Arcadia Group Brands Ltd (trading as Topshop) and another* [2015] 1 WLR 3291 ('Rihanna'). Kitchin LJ appropriately summarised the elements of the tort of passing off (in this kind of cases) as follows:

> 43 So the claimant in a case of this kind must make good his case on the evidence. He must show that he has a relevant goodwill, that the activities of the defendant amount to a misrepresentation that he has endorsed or approved the goods or services of which he complains, and that these activities have caused or are likely to cause him damage to his goodwill and business.

[62] The important point that the Court of Appeal made in *Rihanna* is that it is not sufficient to make out a case of passing off merely by illustrating that the celebrity's name or image was or has been used in a certain way per se. In the words of Kitchin LJ, what is important is 'the belief which this false representation engenders in the minds of the purchasers must play a part in their decision to buy' to the extent that the 'impugned activity involves a false representation that there is a connection between the claimant and the goods in issue of a relevant kind' (at para 46). The Court of Appeal then proceeded to examine the evidence and was satisfied that the manner in which the goods in question were marketed had the propensity of deceiving the public to believe that Rihanna had endorsed them.

[63] We find the following dictum of the Court of Appeal in *Rihanna* applies most aptly to the facts of the present appeal:

> 47 ... the use of this image would, in all the circumstances of the case, indicate that the t-shirt had been authorised and approved by Rihanna. Many of her fans regard her endorsement as important for she is their style icon, and they would buy the t-shirt thinking that she had approved and authorised it. In short, the judge found that the sale of this t-shirt bearing this image amounted to a representation that Rihanna had endorsed it.

[64] The learned High Court judge made similar findings in the present appeal at para 2 of his judgment. On the evidence, the learned judge accepted that members of the public comprising the plaintiff's 'fans' were similarly led to believe that the goods sold by the defendant under the name 'Hafiz Hamidun'

were the plaintiff's or that he had somehow endorsed them. There was clearly deception on the part of the defendant by misappropriating the goodwill in the plaintiff's name, 'Hafiz Hamidun'.

[65] The Court of Appeal however analysed the evidence differently. We reproduce the relevant portion of the Court of Appeal's judgment as follows:

> [61] In our view, the evidence of the plaintiff does not lead to the conclusion that he personally owned the goodwill:
>
> (1) In attempting to establish that he had goodwill in fabrics and apparel, the plaintiff relied only on *Exhibit P-5*, which was apparel sold by HSB. This apparel bore the brand 'Haje by Hafiz Hamidun'. The brand was separately marked as *Exhibit P-5A*. In fact, the evidence shows that the company HSB was only renamed Haje on 13 October 2017 after the commencement of the claim in the High Court.
>
> (2) At trial, in cross-examination, the plaintiff said:
>
> > ERJ: En Mohammad Hafiz setuju bahawa Haje adalah jenama yang digunakan bagi produk baju Melayu kurta atau jubah oleh Haje Sdn Bhd.
> >
> > YA: Slowly. Kamu setuju atau pun tidak Haje adalah nama, jenama yang digunakan.
> >
> > ERJ: Jenama yang digunakan bagi produk baju Melayu kurta atau jubah Haje Sdn Bhd? Berdasarkan gambar ini.
> >
> > HAFIZ: Saya setuju.
>
> (3) In his examination-in-chief, the plaintiff said:
>
> Lebih-lebih lagi, tindakan defendan yang mengguna pakai nama dan/atau jenama 'Hafiz Hamidun' pada kain dan/atau fabrik baju Melayu defendan adalah lebih mengelirukan dan/atau mengelirukan memandangkan saya pun menjual baju Melayu menggunakan nama dan/atau jenama 'Hafiz Hamidun' melalui perniagaan kain dan/atau fesyen saya, *Mikraj Concept Sdn Bhd yang kini dikenali sebagai Haje Sdn Bhd* yang boleh dibeli secara online dan/atau dari butik kami. (Emphasis by the Court of Appeal.)

[66] With respect, we could not comprehend why the Court of Appeal considered the cross-examination and the examination-in-chief of the plaintiff the way it did. Even if we considered the above passages in isolation, the plaintiff merely explained that HSB was the vehicle of his trade and that it was the defendant's misuse of the name 'Hafiz Hamidun' which aggrieved him. It was really hard to understand how the evidence was translated to mean that HSB is the owner of the goodwill. In any case, the relevant portion of the evidence (which appears in the plaintiff's witness statement dated 20 January 2018 as question and answer 3) when reproduced in full as follows belies the conclusion of the Court of Appeal (see appeal record, Volume 3(1), pp 213 and 216):

S3: Mengapa kamu berkata bahawa penggunaan nama dan/atau jenama 'Hafiz Hamidun' oleh Defendan telah menyebabkan kekelirupan?

J3: Untuk makluman Mahkamah, selain daripada pengasas perniagaan kain dan/atau fesyen yang dahulunya dikenali sebagai Mikraj Concept Sdn Bhd dan yang kini dikenali sebagai Haje Sdn Bhd, saya juga merupakan penyanyi dan/atau composer lagu yang dikenali ramai di peringkat antarabangsa sebagai 'Hafiz Hamidun'.

...

Oleh yang demikian, saya menyatakan bahawa saya telah berusaha keras untuk memperolehi suatu nama baik yang berharga ke atas nama dan/atau jenama 'Hafiz Hamidun' dan sememangnya apabila nama dan/atau jenama 'Hafiz Hamidun' digunakan pada sesuatu produk, ia akan memberi anggapan kepada pelanggan-pelanggan dan/atau peminat-peminat saya bahawa produk tersebut adalah sama ada suatu produk keluaran saya, suatu produk yang diendors oleh saya atau suatu produk hasil keluaran kolaborasi bersama saya.

Lebih-lebih lagi, tindakan defendan yang mengguna pakai nama dan/atau jenama 'Hafiz Hamidun' pada kain dan/atau fabrik baju Melayu defendan adalah lebih mengelirukan dan/atau mengelirukan memandangkan saya pun menjual baju Melayu menggunakan nama dan/atau jenama 'Hafiz Hamidun' melalui perniagaan kain dan/atau fesyen saya, Mikraj Concept Sdn Bhd yang kini dikenali sebagai Haje Sdn Bhd yang boleh dibeli secara online dan/atau dari butik kami.

[67] Having perused the appeal record, we were satisfied that the plaintiff did properly explain to the court that his name 'Hafiz Hamidun' was used as the label for his products.

[68] The authorities referred to earlier in this judgment establish a clear proposition on the law relating to goodwill within the context of passing off. Generally, goodwill is a flexible and malleable asset in that it can manifest and be generated in a myriad of ways depending on the nature of the trade or business. Specifically, in the context of celebrities, it is quite apparent that the goodwill in their work or trade is particularly generated by their personal achievements and fan base. It is quite the common sight that celebrities in one field do often venture into side businesses such that those side businesses draw their goodwill from that celebrity's name or even stature. It is also quite a common commercial practice that the said celebrities might even engage other corporations or establish corporations of their own to advance those businesses but that does not itself make the goodwill of those celebrities in those businesses any less their own.

[69] With respect, we were of the view that the Court of Appeal failed to appreciate this fundamental aspect of the law when it erroneously distinguished *Irvine* and *Henderson* by concluding that it is HSB and not the

plaintiff who owns the goodwill. A correct application of those cases would not have generated such a conclusion.

Implied license and technical defence

[70] There is a final point. Learned counsel for the plaintiff referred us to the decision of the Court of Appeal in *Yong Sze Fun* for the proposition that there was an implied license between the plaintiff and HSB for the latter's use of 'Hafiz Hamidun'. This reliance on that case was in response to the argument by the defendant and the reasoning adopted by the Court of Appeal that HSB is the owner of the goodwill (as opposed to the plaintiff) and that any arrangement for the use of it between them is purely a private contractual matter between HSB and the plaintiff. We agreed with the plaintiff.

[71] Notwithstanding whether there is a formal agreement between HSB and the plaintiff, the use of the goodwill is a matter of business between those two parties. In the circumstances, the defendant is but a third party; a mere outsider who has otherwise no business to use the unregistered trademark without consent and by which it has generated profit through deception. We were unable to appreciate how a non-existent technicality could serve to vindicate the defendant's deception and for this we think it is sufficient to refer to *Yong Sze Fun* as authority.

[72] *Yong Sze Fun* concerned the use of the trademark 'Tamin'. The plaintiffs sued the defendants in passing off to injunct them from using that trademark. The defendants argued, among other things, that the plaintiffs merely had a license to use the trademark from the actual owner and as such, they were not the proper plaintiffs. The Court of Appeal refused to countenance such a technical defence and held that such an issue is purely a matter between the licensee and licensor which did not otherwise concern the defendants, a third party. In the words of the Abdul Malik Ishak JCA:

> [131] In a situation where the dispute is not between the licensor and the licensee but rather with a third party, the position is even more certain and clear. In such a situation, there is no necessity for the court to go into the relationship between the licensor and the licensee which regulates the contractual arrangements between them as to how the respective trademarks are to be held. And the court too would not entertain a technical defence raised by a defendant that since the action is commenced by the licensee and not the licensor, they are free to continue with their acts of infringement. In such a situation, the court would apply equity in determining the case.

[73] We were satisfied that the learned High Court judge in the present appeal was apprised of the law when he made a similar observation as the one above in para 14 of his judgment. Essentially, His Lordship held that the

defendant would not be allowed to evade liability for the tort of passing off on the mere technicality of not joining HSB as co-plaintiff. His Lordship's reasoning as well as that in *Yong Sze Fun* also seems to be supported by the judgment of Laddie J in *Irvine* as was explained earlier (paras 51–52 of this judgment). The fact that a businessman/woman whose name or business indicium is used by a company or companies (typically used as vehicles of trade and nothing more) changes nothing in the general conclusion of ownership.

[74] While *Yong Sze Fun* made the above cited observations in a different context (not necessarily in the context of celebrities), we see no reason why the principle expounded there ought to apply differently in this case or other cases like the present one.

[75] To refresh our memory, we reproduce question 1 as follows:

> *Question 1*
>
> In a common law claim for passing off where two (2) entities may be entitled to claim goodwill, who has the locus standi to commence an action in passing off as the owner of such goodwill?

[76] We answered it thus. In a common law claim of passing off involving the business indicium of a celebrity (whether his/her actual name, stage name, moniker or image of the person in question, etc), and provided that goodwill is factually established, either the celebrity in question or any of his licensees (or any such related entity) has the locus standi to commence an action in passing off against the misappropriating third party.

QUESTION 2

[77] As we accepted and affirmed the learned High Court judge's primary finding that the plaintiff is the owner of the goodwill in 'Hafiz Hamidun', the secondary issue as to the corporate veil between the plaintiff and HSB comprised in question 2 did not as such warrant our consideration on the facts as they stand.

[78] In any case, and for the sake of clarity in the law, the Court of Appeal's 'rejection' of the opinion of the learned High Court judge on the conceptual distinction between 'lifting' and 'piercing' the corporate veil, appears to be unsustainable in law.

[79] To be clear, the Court of Appeal held that there is no distinction between 'lifting' and 'piercing' and that both phrases may be used interchangeably (at para 46 of its judgment). By the time we came to hear and decide this appeal, a unanimous panel of this court in *Ong Leong Chiou & Anor*

v Keller (M) Sdn Bhd & Ors [2021] 3 MLJ 622; [2021] 1 LNS 301 ('Ong Leong Chiou') had already delivered a judgment, clarifying the law on this subject.

[80] The judgment of this court in *Ong Leong Chiou* being the most recent pronouncement on the subject by the apex court is authoritative and we are guided by it. The findings of the Court of Appeal on the corporate veil issue to the extent that they are inconsistent with *Ong Leong Chiou* will have to yield to that judgment and we have nothing more substantive to add to the issue given the factual matrix of this case.

[81] For the reasons stated above, we considered it unnecessary to answer question 2.

CONCLUSION

[82] Consequently, we allowed the appeal. We set aside the judgment and order of the Court of Appeal and restored the judgment and order of the High Court.

Appeal allowed with costs.

Reported by Nabilah Syahida Abdullah Salleh